

Message Text

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ACTION EUR-12

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TAGS: UR, ECON
SUBJECT: SOVIET INDUSTRIAL PRODUCTION ABOVE PLAN FOR
JANUARY - FEBRUARY 1978

SUMMARY: SOVIET OVERALL INDUSTRIAL PRODUCTION FOR JANUARY
- FEBRUARY GREW BY 5.8 PERCENT (1.3 PERCENTAGE POINTS ABOVE
TARGET). THE MAJORITY OF INDUSTRIES FULFILLED OR OVER-
FULFILLED THE TARGETS FOR "REALIZATION OF PRODUCTION,"
INCLUDING THE PETROLEUM, PETROLEUM PROCESSING, AND PETRO-
CHEMICAL INDUSTRIES. ONLY TWO, THE COAL AND THE MACHINE-
TOOL AND TOOL-BUILDING INDUSTRIES, FAILED TO REACH TARGETS.
SEVERAL INDUSTRIES ARE COMPLIMENTED FOR THEIR PERFORMANCE,
INCLUDING PETROLEUM AND GAS, METALLURGICAL, AND CHEMICAL
AND PETRO-CHEMICAL. HOWEVER, SOME OF THESE INDUSTRIES AND
SEVERAL OTHERS ARE CRITICIZED FOR THEIR FAILURE TO FULFILL
DELIVERY CONTRACTS. THESE INCLUDE CHEMICALS, PETROLEUM,
FERROUS METALLURGY, AND THE AUTOMOBILE INDUSTRY. FINALLY,
WHILE PRODUCTIVITY WAS SAID TO INCREASE BY 4.3 PERCENT, AT
LEAST 13 INDUSTRIES, PARTICULARLY IN THE MACHINE-BUILDING
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SECTOR, EXCEEDED PLANNED EMPLOYMENT. END SUMMARY.

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1. EKONOMICHESKAYA GAZETA NO. 12 PUBLISHED THE USUAL
STATISTICS FOR INDUSTRIAL PRODUCTION FOR JANUARY AND
FEBRUARY; BY CONTRAST, THE CENTRAL PRESS CARRIED ONLY

BRIEF NEWS STORIES ON THE MORE FAVORABLE HIGHLIGHTS. OVER-ALL INDUSTRIAL OUTPUT SOLD WAS UP 5.8 PERCENT, 1.3 PERCENT ABOVE PLAN. THE FOLLOWING KEY INDUSTRIES FULFILLED OR OVERFULFILLED PLANNED TARGETS FOR THE "REALIZATION OF PRODUCTION," OR OUTPUT SOLD, (PERCENTAGE OF PLAN FULFILLMENT AND 1978 AS A PERCENTAGE OF 1977): ENERGY AND ELECTRIFICATION 100.3 (104); PETROLEUM INDUSTRY 100.7 (104); PETROLEUM PROCESSING AND PETRO-CHEMICAL INDUSTRY, LIMITED OFFICIAL USE

100.7 (106); GAS INDUSTRY, 104 (107); CHEMICAL AND PETROLEUM MACHINE-BUILDING 101 (106). OTHER KEY INDUSTRIES REGISTERED THE FOLLOWING PERCENTAGE INCREASES OVER 1977: FERROUS METAL-ROLLING, 3; METAL-CUTTING LATHES 1; COMPUTER EQUIPMENT AND SPARE PARTS 20; BLAST AND STEEL FURNACES 4; ROLLING EQUIPMENT 1; AND TECHNICAL EQUIPMENT AND SPARE PARTS FOR THE LIGHTHNDUSTRY, 6. TWO INDUSTRIES BARELY MISSED TARGET: COAL 99.8 (102) AND THE MACHINE-TOOL AND TOOL-BUILDING INDUSTRY 99.8 (108). SEVERAL IMPORTANT BRANCHES OF INDUSTRIES PRODUCED BELOW PLAN (NO FIGURES WERE GIVEN): SULPHURIC ACID, STEAM PIPE, TRACTOR-PLOWS, BLAST FURNACE AND STEEL REFINERY EQUIPMENT. (ON MARCH 14 SOTSIALISTICHESKAYA INDUSTRIYA PUT SULPHURIC ACID AT 97 PERCENT OF PLAN AND A PRAVDA ARTICLE INCLUDED CRITICISM OF THE RAILROADS FOR DELAYING DELIVERIES OF FINISHED PRODUCTS. NO MENTION WAS MADE OF DELAYED DELIVERY OF RAW LIMITED OFFICIAL USE

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MATERIALS WHICH PAST YEAR WAS A MAJOR PROBLEM IN SOME INDUSTRIES.)

2. EKONOMICHESKAYA GAZETA COMPLIMENTS SEVERAL INDUSTRIES: OIL AND GAS, FOR PRODUCING 300 TONS OF OIL AND GAS CONDENSATE AND 2.3 BILLION CUBIC FEET OF GAS MORE THAN PLAN; METALLURGY FOR OUTPUT OF STEEL AND ROLLED STEEL WITH CAST IRON UP 4 PERCENT AND FINISHED ROLLED STEEL UP 3 PERCENT; CHEMICALS AND THE PETRO-CHEMICALS FOR EXCEEDING TARGETS IN MINERAL AND CHEMICAL FERTILIZERS, SYNTHETIC RESINS AND PLASTICS, SYNTHETIC RUBBER AND TIRE COVERS; THE MINISTRY OF INSTRUMENT MAKING, AUTOMATION EQUIPMENT AND CONTROL SYSTEMS, FOR 12 PERCENT GROWTH OVER 1977; AND THE AUTOMOBILE INDUSTRY, FOR ACHIEVING 11 PERCENT GROWTH.

3. A NUMBER OF INDUSTRIES ARE CRITICIZED FOR THEIR FAILURE TO FULFILL DELIVERY CONTRACTS -- INCLUDING INDUSTRIES WHICH WERE COMPLIMENTED FOR ACHIEVING "REALIZATION OF PRODUCTION" TARGETS. THE CRITICISM IS BASED ON THE STATEMENT AT THE DECEMBER PLENUM OF THE CC OF THE CPSU THAT EVALUATION OF WORK MUST "CONSIDER HOW FULLY REALIZED ARE THE TASKS OF DELIVERY OF PRODUCTION IN SPECIFIC MIX IN ACCORDANCE WITH

CONTRACTS AND OBLIGATIONS." INDICATIVE OF THE SCALE OF THIS PROBLEM IS THE FACT THAT FULLY TWO-THIRDS OF THE ENTERPRISES AND ASSOCIATIONS FULFILLED OTHER TARGETS WHILE FAILING TO FULFILL CONTRACTS. THE INDUSTRIES CRITICIZED FOR THIS WERE CHEMICALS, PETROLEUM, PETRO-CHEMICALS, FERROUS METALLURGY, AUTOMOBILES, AND FORESTRY AND WOOD-PROCESSING. ALMOST 50 PERCENT OF THE PRODUCTION ASSOCIATIONS AND ENTERPRISES IN THESE INDUSTRIES WERE GUILTY, AND MORE THAN 250 MILLION RUBLES' WORTH OF PRODUCTION WAS THEREFORE LOST. LIMITED OFFICIAL USE

4. IN ITS MARCH 14 ARTICLE ON PRODUCTION RESULTS

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SOTSIALISTICHESKAYA INDUSTRIYA POINTED OUT - AND THUS CRITICIZED - THE FACT THAT THE SUCCESS IN ACHIEVING TARGETS CAME AT THE COST OF AN INCREASE IN LABOR FORCE TO ABOVE PLAN FIGURES. ONLY FIVE MINISTRIES AND DEPARTMENTS MANAGED WITHOUT INCREASING EMPLOYEES (COAL, PETRO-CHEMICAL, POWER-AMCHINERY, LIGHT INDUSTRY, AND GLAVMICROBIOPROMA). ELEVEN MACHINE-BUILDING MINISTRIES EXCEEDED PLANNED EMPLOYMENT FIGURES BY 28.7 THOUSAND PERSONS, OF WHICH 21.4 THOUSAND WERE EMPLOYED BY ONLY THREE MINISTRIES -- AUTOMOBILES, MACHINE TOOLS, AND ELECTRICAL EQUIPMENT. THE MINISTRY OF FERROUS METALLURGY, AND THE MINISTRY OF THE MEAT AND DAIRY INDUSTRY ALSO HAD ABOVE-PLAN NUMBERS OF EMPLOYEES. THE ARTICLE PRESENTED THIS DATA TO DEMONSTRATE -- AS IT DOES -- THE NEED TO IMPROVE LABOR PRODUCTIVITY, WHICH WAS UP 4.3 PERCENT --AND ABOVE PLAN -- FOR THE PERIOD.

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5. COMMENT: ALTHOUGH INDUSTRIAL PRODUCTION IN THE FIRST TWO MONTHS HAS EXCEEDED PLAN BY 1.3 PERCENTAGE POINTS, SEVERAL LONG-STANDING PROBLEMS CONTINUE. ALTHOUGH MANY LIMITED OFFICIAL USE

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PLANTS ACHIEVED "REALIZATION OF PRODUCTION" TARGETS, THEY FAILED TO REACH CONTRACT FULFILLMENT TARGETS, WHICH INVOLVES A HIGHER LEVEL OF QUALITY IN THE SENSE OF MEETING THE SPECIFIC NEEDS OF THE END-USERS. IN THE ENERGY SECTOR, OIL AND GAS ARE DOING BETTER THAN PLANNED, BUT COAL OUTPUT INCREASED ONLY ONE PERCENT. CONTINUATION OF SLOW GROWTH IN COAL COULD ADD TO THE PRESSURES ON LIQUID FUELS. ALSO, THE INVESTMENT SECTOR IS APPARENTLY EXPERIENCING PROBLEMS. METAL-CUTTING LATHES AND ROLLING EQUIPMENT REGISTERED ONLY A ONE PERCENT INCREASE OVER THE SAME PERIOD LAST YEAR, AND BLAST FURNACE AND REFINERY EQUIPMENT PRODUCTION IS BELOW PLAN. TOON

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